

*Gui Costin*

# The \$40 Billion Secret: Trust, Leadership and Redefining Sales

WITH GUI COSTIN

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**The Manage 2 Win Podcast**

**DAVID RUSSELL:** Gui, I'm really honored to have you on the show. You look like you got a phenomenal background, but you have done something that not a lot of people have done, is you've helped raise \$40 billion, with a B. And that's not primarily what we're going to talk about. But I mean, that's a great starting point. What's your story? I mean, you went-- I don't know where you started. But raising \$40 billion, that's quite a notch on a gunslinger's gun.

**GUI COSTIN:** Yeah, I think luck and timing is a big part of life. Hard work sprinkled in there makes a big difference. But we started the company in 2006. And we went to work for a great firm, a great investment firm. We're in the investment business. And so if you think of your 401(k) and your mutual funds, this was a mutual fund that was managed by a firm called Edgewood Management and had about 25 million in the fund. And over the course of time, we were able to scale that using our sales processes and unbelievable performance on their part and great salesmanship on their part as well. So it was a real team effort. And then over the course of time, they hired us as a third party, we call it, as an outsourced sales team. We're still with them today. And they introduced us to a variety of other firms similar to theirs but not competitive. And so all told, given market conditions and everything, it's close to \$40 billion. But it's been a good stock market run the past 18 years. And so yeah, good luck and timing but a very defined sales process.

**DAVID RUSSELL:** Well, I'm really interested by some of the things that I've read about you on how you drive your company culture. But I'm an old sales guy. All right. I started selling them when I was 15, so I got 50-plus years in sales. And I find it's always a learning process. So I'm curious if you have any tips-- I mean, it's a new year. Do you have any tips for our audience on what they may be overlooking in their sales

process to really engage with people, to accelerate growth, but in a very healthy, ethical way?

**GUI COSTIN:** Yeah, no, David, it's a super, super deep question. And I mean that in all sincerity. I'm a salesman. That's how I look at myself, even though I'm technically the CEO, but I see myself as a salesman. And you have to deal with a lot of rejection. But I would say there's a few myths that we've busted and built two businesses around salesmanship and sales process. So number one, I think the CEO has to own the sales process. I mean, it's very, very difficult to bring in someone from the outside and completely blindly outsource the sales process to one individual. I don't care how good they are. It really needs to come from the CEO or in unison with that head of sales. You've probably seen many, many times at the entrepreneurs that you coach how they burned through VP of sales. It's almost a joke on Google of how we burn-- well, so you have to have, number one, a very detailed sales process-- to thank everyone really-- and that's what we've been able to put into place with an intense focus on the things that matter most. So for instance, in our software business that we started six years ago, first-time demos, reengaged demos of our software product, of our database. And we primarily get the leads through cold outreach, so of our inside sales team. So 80%, 85% of the booked demos come from a cold email going to a fundraiser. And so we measure that truly on a minute-by-minute basis. And I do it culturally with a group hug. You know how hard sales is and the whole thing. So I do it with being very encouraging versus the carrot and the stick. And we've had a lot of success in that approach.

But it's the hardest thing to do in business. It's the most important thing to do in business, which is, how do you acquire customers? And so CEO has to own the sales process. People want to have a process to follow. And like I said, do it with a warm embrace because it is hard. But it's

incumbent upon the leader to have a defined sales process so people know exactly what they should be doing to get success. And like I said before, the key component there is making sure you're focusing on the things that matter most in that sales process.

**DAVID RUSSELL:** Let's talk about that for a moment. So maybe you got some examples, but I think that-- I agree with you. When you have a young startup, in my background, being long term in the tech industry, usually, I've got a tech, or I've got a sales guy who's the startup person. And I'm saying, Gui, it can be a woman. But it's usually one or the other. Sometimes it's ops, but that's more rare, or that's part of a team. The CEO is always the best salesperson. And it runs for a while. And then they hit a certain level-- 3 million, 5 million, whatever it might be in sales. And then they got to start bringing on salespeople, or like you say, they bring on a VP of sales. And I know some, like you say, just been a disaster. But this thing that strikes me when I think of those disasters is the CEO didn't hand the baton with a really clear, number one, what's most important and number two, process. And so the VP of sales came in and did what they thought was the best. But they didn't stay in their lane. They went off on a rabbit trail. So when you talk about this, how do you define what's the most important thing?

**GUI COSTIN:** So I mean, I think you've articulated it beautifully. So the CEO, let's say the founder, let's say me back in the day, I knew how to sell and raise money. And when I first went through that process, I was extremely good at raising money and following-- but I had a very defined process. Then I started investing in hiring salespeople. It was a complete disaster. And then I say in my book, it's the Read Your Mind sales training. That's what I did and been my way of doing it. So I read a book by this guy, Sam Carpenter. In Portland, Oregon, he ran a call center. And the point of the story is I wrote down every single thing

that I did to have success as a salesperson, like literally wrote down in excruciating detail, because that's what he said to do. And it's all in my book. I have details in my book. And once I did that, then I brought the sales salesperson in, and I said, OK, this is how you're going to spend your day. It's going to go just like this. And then we call it-- we started calling it the Dakota way. And so everybody has to follow the Dakota way sales process, which is my way of selling, which, as you just mentioned, works. I proved that it works. Now I'm not saying you can't get a little-- remember Steve Covey and his seven habits. And he's got the jar with the rocks, and he's got the stones. I call it the sand. You can, as an individual, put a little sand in there. But the rocks and the pebbles are the company. You have to follow that process. And that's what happened. I documented what actually works. And then what I'm seeing even in the software business, you just have to continue to do more of what works and hold people accountable. What I've learned is there's different types of personalities in sales. The question you have to ask yourself day one is-- Myers-Briggs, all that stuff is great. But if you think about it, what do you really want out of salespeople? It's easy for me to say now. I want people that have been basically told they suck for their entire lives. Who are those types of people? Well, typically, Division I athletes. There's no friendship between the coach and the player. It's just basically, you suck. But somehow you've been able to keep showing up as a team and a great teammate and the whole thing. And so those personalities don't need coaching. They don't need motivation. They're already motivated. So first, you have to make sure-- you've got to create the structure on what works. And typically, just document what the CEO does. You document that. And then you have to know the critical numbers. Like I just said to you, we have two critical numbers. That's it. And it's really just one-- first-time demos, reengaged demos. If we're not doing that on a minute-by-minute basis, then we're going to be out of business. And so then what are you doing as a company to

make sure you're hitting those critical numbers, which you have total control over your activities to hit those critical numbers? And I like to hire-- and I've learned this because we have an unbelievable customer success team, some of which we came out of our BDR team. But we realized those personalities are-- one's a gardener and one's a hunter. And so that role, you need the personality traits of a hunter, that if they don't get an email return, there's no tears, somebody who hasn't been told they stink their whole lives, which-- I'm being a little facetious on the coaching, but if you really study it, I have three Division I kids. Oh, hey.

**DAVID RUSSELL:** Well, I have personal experience on it too because my two sons played soccer at the college level, one DI, D-III. Both of them had coaches that were that way. They believe that you just emotionally shredded your players with telling them how bad they were. And in contrast, Marcus Ziemer coached at Sonoma State soccer. And we knew him from club ball because his brothers were very active in the area. And he was the opposite and equally-- actually, even maybe more so successful in his approach. So I'd like to stay here, if we can, for a moment because I agree with you, but I actually teach the opposite, which is what it sounds like you do, where you talk about the group hug encouragement thing. I teach good cop leadership. So instead of good cop, bad cop negotiation style, I say, everybody can be a good cop throughout your organization. But particularly as a leader, you're always coming alongside and being super nice, but hey, the boundaries are firm.

**GUI COSTIN:** Oh, yeah. So my two sons play lacrosse at Penn State. And when I went through, I told Coach T-- because we have a bunch of interns and then eventually, employees from the lacrosse team. And so he's so curious about our culture because that's all we talk about. It's all

the company talks about. And so they came back after the internship. And he was so fascinated. And I said this to him, I said, listen, you basically tell these kids-- and you can do it, 18 to 20-year-olds-- they suck for four years. He looks at them, and he smiles. I'm like, coach, I can't do what you do. You know what I mean? But they've been through an 11-year training program. Now remember that's athletes who are the hunter part, the role, because our tech team has no tech to build, our customer success team has no customers to service, our marketing team has no emails to send if we don't have any customers. And you need to find the hunters to go out and drive leads for your business. Otherwise, you're out of business. And the better you are at that-- here's another huge takeaway, which I learned. I learned this. The better you are at the front end from hiring these salespeople to book first-time demos of your product, to see your product, has a direct correlation to product quality. So your product quality is determined by your front end sales team. Why is that? Because the demos result in feedback. Feedback, if you do it properly, it gets back into the product and gets iterated quickly. We're built on Salesforce, this particular product, so we can iterate very rapidly. And we're also a data business, so we can add data very, very quickly. And so it's that vicious loop. Product quality goes through the roof. The more demos you have if you're listening and you react. So it becomes this whole circle, which is, to me, hilarious. But I would never risk. We had one guy-- well, individual sport guys are incredibly talented. I was a college golfer, UVA, so takes one to know one. It took me a long time. When you bring these college lacrosse players, soccer players, hockey players, men and women, whatever it is-- it happens to be more men just on how our pipeline has worked. They're so resilient, but they're also such amazing teammates. So as much as the coaches might be crazy, most of them you're going to look back. I said, just thank them. Just say thanks for what they put you through-- the 4:00 AM wake ups, the early lift, the discipline, the not

drinking. The stuff that you have to do, it has molded your DNA. You can never be different than this. It's part of your DNA. It's only going to hold you in great stead the rest of your life.

**DAVID RUSSELL:** So it's-- excuse me-- interesting what you say. And I'm in full agreement. So I teach a hiring system. And everything we do at Manage 2 Win is based on trying to emulate how pro sports teams operate-- how they hire, manage, develop, and retain people, and particularly, to hire the best system. And I'm actually doing a talk on how to hire like a pro sports team in March at an industry event. But what strikes me is when I think of what you're saying about these coaches-- I want to make certain that we're clear to the audience. So you have some coaches that are what I described where they are merciless. It's not just 4:00 AM getting up and working out. It's not just being really hard. It's not just pushing. It's ripping them. You suck. You're terrible.

**GUI COSTIN:** Yeah, I don't think that's it. I mean, I'm not a big fan of that approach in any way, shape, or form.

**DAVID RUSSELL:** Yeah, yeah. But I think what I'm hearing you say is more like Remember the Titans. Super tough, but didn't rip the individuals. It was more pushing them in a super tough way. Am I understanding you correctly?

**GUI COSTIN:** Yes, yes, and then if you're going to look at it from a business perspective as I look at it in business, taking those skills and then-- I'm writing a book on leadership. It's called Be Kind. And the first sentence is it's easy to be a dick. Because if you think about leadership, a lot of people, a lot of coaches, and a lot of teachers-- if you watch how teachers interact with students, in order to corral 15-year-old boys,



16-year-old boys-- because my boys went to an all boys school, but daughter went to all girls school-- they say things just to try to deal with the craziness of a frontal lobe that's not developed and just craziness. So they do certain things. Well, what's the number one most important thing? Well, it's hard to say exactly in business. But I would say right up there, tied for first, is, can you keep your best people for an extremely long period of time?

**DAVID RUSSELL:** Oh, yeah, I'm with you.

**GUI COSTIN:** So we take that as like, OK, let's think about that. So then what do you need to do to keep the best people? You need to treat them like gold. And you need to make work fun. You need to make it a place where they want to come and show up every day and become the best version of themselves. Well, that doesn't come from insulting them or saying one word that's negative or teasing or thinking you're being funny or publicly chastising or any of that. You have to become the most vulnerable human being in the world because everyone will take advantage of you. I mean, since 2006, we've never had a teeny policy. Spend the money you want to spend when you travel. That's all we do, is travel. I said, I'm not checking it. Just be responsible. Pretend it's your own money. Just do it that way. No vacation policy. Take the time you need. We have 80 people. Never had a problem in 18 years. Take the time you need. All of a sudden, what ends up happening is people are like, this dude trusts me. I feel trusted at work. Well, look how most organizations work. There's no trust. They don't believe-- and by the way, I just said to them, I have to love everybody I work with. And number two, I'm not a babysitter. But we'll be hard charging. We're going to get after it every day. We're going to aim to be the highest level of professionalism that we possibly can. Shoot for excellence. So it's a unique combination. And then you find people that buy into that.

And they're like, I love this. Oh, and all Gui says to me, where can I help? Where can I remove obstacles? What's working? What's not working? I need to remove obstacles so you can get your job done. Oh, we have no middle management. You're going to have nobody in between you. We have no managers. There's no bureaucracy. There's no politics. There's no backroom meetings. Gosh, I can't believe Joe's, Gui's acting like this or that. So what ends up happening is everyone's focused on the customer and then being a great teammate. And then you have this circle of fun. It's like that is a blast. So that's what we try to do.

**DAVID RUSSELL:** So before I ask the questions that came first, let me follow up with one. You just said you got-- did you say you have 80 people but no middle management?

**GUI COSTIN:** Nope, not one.

**DAVID RUSSELL:** So how does that work? How do you manage--

**GUI COSTIN:** Now we have team leaders. We have team leaders. We have a technology leader. Of course, we have a data team leader. We have a marketing leader. We have different sales leaders. But there's no middle management. Everybody is a doer. Everyone's active in the company. There's no management that-- I'm not even quite sure we ever use that term. But most companies, you have these middle managers. Now the good news is, just reading the popular press, Facebook took them all out. Everyone's now trying to take out-- that role, frankly, is bad for everybody. It's bad for the human being that's doing the job. It's bad for the people. You don't need middle management. If you have clear objectives of what you're trying to get done, everybody should be making it happen. And there should be nobody that sits there and points fingers. And I mean, our president is

on calls all the time-- renewal calls, demo calls, helping out. You know what I mean? His hands are fully in the thick of it.

**DAVID RUSSELL:** So you've got team leads. Excuse me. And it almost sounds like-- so that you built a structure where people can-- they have very clear, measurable, time-bound objectives. And they can hold themselves accountable. The team lead then-- who does the accountability piece?

**GUI COSTIN:** Well, I work with each team lead to make sure-- so we have an overriding philosophy of our business, which is focus on what matters most and then focus on what you can control, which are basically one and the same, but focused on the things that matter most. About two years ago, we had some issues with one of our team leads. I don't want to get into it. He since had left two years ago. And we put a new person in place. And I sat down by myself and I wrote the non-negotiables for these meetings of things we need to review, think of a checklist, like a pilot. And I think I got to 13 or 14. And then there was the next level. So every single day at 8:15, this one team checks in and reads off all 14 things. All right. Where do we stand with this? That's at a zero. OK, check. So then what was happening is there wasn't enough structure simply around spending 5 minutes each morning, making sure things weren't bubbling up. Because if you're in a data business and you have data, data goes stale. There's weird things that happen to data. But if you have-- because databases are so easy to uncover holes in the data because you can run exception reports. Like in Salesforce, it's so easy. But people need to know truly what matters most. We laid-- excuse me. We laid out the 13 things that we knew were non-negotiables and that team reviews them every day at 8:15, make sure that they all where they should be and if they're not. So we don't wait a week or a month because if we waited a month or a week, things might

bubble up. We're all set now. It's a fire drill. And you're like, I can't believe, that kind of stuff, where you're having that management style, where it's like, oh my god. I can't believe he didn't do this, or she didn't do that. And where's that? That kind of structure with team check ins-- not meetings. We call them check ins-- 5-minute check ins, 10-minute check ins. You just have to remove the agenda because there's no fun coming to work when everything's a fire drill. You don't understand-- the classic line, I can't believe. I can't believe that person did that. Well, I did.

**DAVID RUSSELL:** So then the 14 things that you got on the list, are those different lists for different groups because, of course, they have different things to focused on?

**GUI COSTIN:** It very much could be. So for instance, we have a 7:45 check in five days a week for our software sales team. To close out the meeting, which lasts 11 minutes, the 14-- no, it's 14 people-- 14 BDRs have to go through their plan for the day, which is, what are the cities they're scheduling for?

They always have to be scheduling for five cities to book cold demos. And they have to go through all five cities. And if I hear four or somebody's on or we hear three or something, it's just afterwards you go over to the person and say, hey, you only have three cities right now. Oh, yeah, I'm sorry. I'm sorry. So just make sure you always have five. OK, good. So you say to yourself, well, why is that? Well, that's the accountability because it gives-- when you're scheduling meetings, if you're going to say, hey, you know what? I'm going to be in Boston in two weeks on Thursday. Can you meet at 3 o'clock? And here's why I want to meet. It gives you purpose every single day. But if you only have three or two cities or one, what have you, it's hard to-- because you're going to get so many nos, you need enough to manage all the

nos. So you always have a pinpointing thing. And then we have a 5 o'clock check in. So 10 sales meetings a week. The 5 o'clock check in last 2 minutes. We go through the results from the day, which we know because it's on Slack. And we all check in and then we probably share a little good news. Hey, anything happen? Anybody wants to share? Great conversation? So you end on a super positive note. So it's 10 sales meetings a week. So there's no wiggle room for anybody. But if you ask anyone on the team, it's their most favorite part of the day, is a 7:45 check in.

**DAVID RUSSELL:** So I think I heard you incorrectly, but how many people are on the team, each team? What's an ideal team size?

**GUI COSTIN:** Well, there's 14 BDRs, our inside sales team. I think we have eight data team members, nine marketing team members. Then we have eight CSM members. We have two renewal people.

**DAVID RUSSELL:** But if I've got 14 BDRs, are they all in the same team participating in that same meeting?

**GUI COSTIN:** No, they're all participating in the same meeting. But they're all on five teams. So the sales team has an account executive supported by two to three BDRs.

**DAVID RUSSELL:** So each of the teams that are doing these check ins and then the end of day are typically four people, at least on the sales side.

**GUI COSTIN:** No, no, no. You'll probably have at least 20 people dial into the 7:45 because we go through the calendar, all the meetings that are set up for the day. And then we go through-- and then the BDRs

close out the meeting because they have to go around the horn. All 14, they have to go around the horn and say exactly what their plan is for the day.

**DAVID RUSSELL:** I mean, that's a high-paced, fast-paced meeting. But the 2 minutes at the end of the day, how do you get 14 people to check in at the end of the day in 2 minutes?

**GUI COSTIN:** Yeah, no, no, they check in at 4:59, 5 o'clock. We see everybody. And then goes through first timers were set up for the day, reengages were set up for the day. Then I always like to hear one positive story, conversation that one of our AEs had on demo. So we learned say, hey, just for some positive mojo. And I mean, all this information is in Slack, so everyone's seeing it in real time anyway. We put all the conversations in Slack. We put all the first-time demos in Slack. We put any business we closed in Slack. Everyone gets alerted. And so we all know exactly. But it's good. Then everybody comes together. And then they feel like a team. I mean, the whole goal is hire a bunch of athletes and take them from the locker room into the locker room, graduate from the locker room, back into the locker room. And then they're always helping each other out. That's the magical thing about it, like a team sport.

They want to kill each other to get on the field and take each other's position. But when one person asks for help, I mean, it's like instant. I'll give you-- what do you need? Here, this. You need email?

**DAVID RUSSELL:** Yeah, no, no, when you get those healthy team players. But let me talk about the people who come, though, that have been on a team, maybe even a championship team. They're athletes. They're competitors. And they've got a lot of good attributes about them. However, they come also with some wounds because that

growing up with a not good enough mantra does wear people down and does create some rough edges. And so do you have any insights on how to help people start a journey to transition and heal from some of the negativity of the environment? I'm not talking about the hard stuff, remember the Titans stuff. That's just you're working hard and your team. I'm talking about when you have a verbally or emotionally abusive parent or parents, other family members or coaches or other significant people in your life. And they come in and they want to do their best, but they're unaware of certain aspects of their behavior that are holding them back, hurting themselves, and potentially, hurting others.

**GUI COSTIN:** Yeah, and I mean, I have a lot of experience with that not enough. So I'm very, very familiar with that concept. I mean, that could be a three-hour podcast just talking about that and the psychological dealing with that. And that takes a lot of work individually to try to just get through that. It's not easy. And you can have some really-- now what we've tried to do is diagnose it up front in the interview process and then be very clear about what we think the role is. And we did take an individual sport athlete. And I said, look, you're an amazing guy. Everyone loves you. But I know from experience this isn't going to work. So he followed up two weeks later. I said, OK, so I compromised. And I told our president, let's make him an offer. So we made him an offer. And what everyone typically does is sign the offer and send it back. Well, he goes, hey, I have five questions for you. We're like, excuse me. He goes, I have five questions. First question was, how do I know you're going to have the proper resources to support me in my role? I said, Rob, call him right now and say, hey, you know what? You're a great guy. This is not a good fit. And I knew up front. I mean, I knew up front, where it's like, look, do you know what team-- Division I athletes that are on a team, how they respond to that? What they want is just give me a shot. I don't need to know anything. And by the way, we do

almost 40 million in revenue. You should have read the room. You don't think that we know how to supply the resources to our team? So now you're showing me you don't have any ability to read a room. So that was like too revealing. You should have just signed the off letter and say, hey, coach, just tell me where and when, just where and when. I think we've seen on our team when you end up bringing similar-minded people together, that really, really want to compete and be the best version of themselves, they will then coach each other, and they will support one another to answer your question. You almost don't really have to do it because they're-- and then the way that we're structured is blind brilliance, as I call it. I didn't know it was this way, but each AE is assigned two to three BDRs that they don't pay for. But the only way that they eat is if the three BDRs and their team set up meetings for them every single day. So when I say middle management, I mean, the AEs, naturally, are interacting with our BDRs every single day. We don't have an internal sales desk manager or any of that stuff.

Why? Because the guy on the outside is like the people on the inside, are making my life work or not. So I'm going to do everything in my power to help them-- emails, everything, be a great teammate leader, how are we doing, communicate. It's just natural. You don't even need to create a structure. And since they're already athletes, they know how that stuff works.

**DAVID RUSSELL:** Yeah, no, and I do-- and maybe we'll get to it later. But I do love the fact, this piece, and I want to just bring it up for a moment. And I'm going to go back to something else, where you're saying you got to have a solid process. I mean, I got a client right now, Michael Antonelli, Anton Systems in Florida. They only sell Acumatica software to real estate developers and property management firms. And those are the only two type of clients. But he has the process totally nailed down, just like what you're saying. And it's so powerful.



But I want to compliment you-- you already know you did something well. But this thing where you cut that guy off, who was the individual performer, and he came back with a five questions, so many leaders get stuck with, oh, well-- they think, oh, well-- they disregard the facts and they look at an outcome they're hoping for. Oh, well, he could work out. He's been a superstar. But they don't look at, hey, this isn't going to work. Yeah, we wasted some time in an interview process, but it's nothing compared to what we're going to waste if we hire this guy.

**GUI COSTIN:** Another one of the most important lessons in business-- don't hire fast or slow. Forget that. I mean, you need to know up front that if you do hire someone and if you have one inkling that it's not going to work, then don't do it, just one inkling, because you can't-- as I said to my kids when they're-- my oldest has a job, and they're trying to figure it out. I was just simply saying to my daughter, who doesn't have a job right now, I'm like, honey, I measure people's response time. When I get an introduction, an outreach, they want to talk to us and text, whatever. I measure response time. If there's a slow response, I just assume there's zero interest. And that's what it's going to be like to work with them. And we emphasize one of our biggest mantras is responsiveness. One guy, who was the same guy that we like on the data team, one of our customers came in and said, hey, can you change this piece of data? And I looked at the numbers, and I said, it took you 25 hours to respond. What's up? He's like, yeah, I just thought I would get to it. I was a little busy. We have a 5-minute response time, like 5 minutes. That means when something comes in, it's all hands on deck, immediately. Why? Because he's acting like most of the world, which is try going to get a demo of software and just going on and doing a form and see what the response time is. So somebody's reaching in and saying, I would like to know about your product, 2, 3, 4, sometimes zero. We finally had to LinkedIn a guy. He didn't get back to us. We LinkedIn

the president just to nudge him. Finally, he goes, man, I was on vacation down the shore. How come you guys are calling my boss? Oh my god. This is the competition. As I say to everyone, guys, the bar is so low. The bar is so low. So my brain when you just told me about your client in Florida who sells his product to two verticals, I thought you were going to ask me a question. And this is going to be my response. But you already said he's super successful at it, so it doesn't merit a question. But this is exactly how I thought, if I were that guy, I would identify my entire TAM in Florida-- that's who I sell to in Florida-- of those two groups. And then I would just make sure I have the buyer, whomever those are. And you have to be in a current sales cycle. That's our sales process. You've identified your TAM. Now go introduce yourself, build a relationship, and make sure they know who you are. Where do they stand with their current product? What problems is your solution solving? But don't tell me, oh, yeah, we've tried to call on David. And we haven't really tried David and his team yet. That's inexcusable. That's not the way we work. You need full coverage. But it's simple. It's there. And that's also the genius of your client, is that it pick two verticals where it can be the best at.

**DAVID RUSSELL:** Yeah, yeah, and he's been around a while, so he knows his stuff. Let me go back to the hiring piece. So you're trying to get these team players, so not only just superstars but people who know how to operate on a team. And one of the things that I teach in the Hire The Best system is what I call scrimmages. You can call them test drives, whatever. So you go through a process of three interview workouts. And then basically, you're going to scrimmage with this person. So like with WCA, one of my clients in New York City-- they're an IT MSP-- they hire a tech for a day. So this is a person who's passed three interviews. And they think, we got a match. Now let's prove it. And they bring him in for a day. They pay him as a contractor at the

same rate that he would get paid if they hired him or her. By the way, it's been a her many times. And they run them through the paces. They're working on actual tickets. They're working with teammates. They're seeing how they take instruction. They're seeing whether when they tell them how to do something, they just get nodding heads syndrome and then the person doesn't have a clue or whether the person can actually apply what they learn. And they throw at least one thing at them that's impossible, see how they'll handle it. When you do your hiring process, it sounds like you've got a really good one. Do you do anything similar to that?

**GUI COSTIN:** Well, yes. So absolutely, our CFO does the whole hiring process. Once we like the candidates, and we put them through a project, so 100%. I mean, I just learned something new. So that's a whole different-- that's just another-- it's one level deeper. When we've hired our videographers, everyone had to do a personal video and go through the whole thing, which was incredibly illuminating. And no, we absolutely put them through having to come back with projects. And then we do evaluate the projects and then whomever we think did the best job or best fit, yes, so absolutely. Now this is where you have to play to your strengths. For me, that is just way too much for me to manage in detail. I'll do a call with people, talking about the culture, get a feeling. I'll sell them on what it's like to work at Dakota. That's generally a little bit more my process, getting them excited about what a day in the life of working at Dakota is all about. That's not really my role. And that's not my strength. That's what our CFO is really, really good at.

**DAVID RUSSELL:** Well, the CFO makes sense too. It's like when I'm interviewing salespeople, it's either the first or second interview workout. I'll say, hey, when you come to this conversation, we're going

to start the conversation. I want you to sell me something. You can sell me your car. You can sell me a ballpoint pen. I don't care what it is. But I want to see if you can build a relationship with me in 5 to 10 minutes, where I trust you enough, where I want to learn more. You can sell me anything you want. You use the word illuminating, great word. It is very illuminating to you see really how they approach that.

**GUI COSTIN:** Yeah, that's right. I like what your group, WCA, does up in New York. That's really strong.

**DAVID RUSSELL:** Oh, yeah, yeah, yeah, that's part of the Hire The Best system. And they're the one that's really implemented it well. And most of the time, it just validates. But it also gives them insights into, OK, we're truly this person's strengths versus some of the other stuff. Now I want to go back to another piece. If I'm understanding you, Gui, you have very high retention with your team.

**GUI COSTIN:** Yep.

**DAVID RUSSELL:** So talk about that. Let's dive a little deeper there because a lot of companies struggle with that. And it's the worst thing in the world for them when they're like, oh, man, I just lost a superstar. I had no idea he or she was looking. And it's like, well, wait a minute, how did you not know? But I'm curious, what do you do to achieve these high retention rates? In your mind, what are the top three things? Or maybe you've got a different list. I don't know. Doesn't matter.

**GUI COSTIN:** Well, from 2019, we probably have 15 people. Now we're 80. And we definitely went through, unfortunately, 10 to 12 key people that had to leave between two and three years ago. And we overhired for the database business. And it just ended up being not great fits for

them or for us-- all good people, all really, really good people, nice people, the whole thing, but just not a great fit. And what I would say is that it's how-- in my opinion, culture is how you treat people. And then how I treat the team is how they're going to treat one another. And if there's crystal clear expectations and then if my words and my actions support what I'm professing in terms of our culture-- and basically, if you hire, you have to hire and give clear expectations. What ends up happening is what you don't know is behind the scenes, so the stuff that you never see or the stuff that happens in their personal lives. So they interact with their friends. They're chatting, hey, dude, how's work? What's going on there? Oh my god. My boss is such a jerk, this, that. My goal has been to make Dakota the-- my responsibility is to make Dakota the greatest experience on a daily basis from a work environment perspective. So you walk through our doors. What is the office look like? What's the food look like? What's the coffee like? You have every snack in the world. If you don't have a snack, you guys can order at Amazon, whatever you want, healthy snacks. Everybody in the downtown gets a club membership at the Fitter Club, so they can go work out at state of the art facility. The company pays for that. It's unbelievable because I want everyone to work out. I want everyone to get out of the office. You can't work eight hours.

**DAVID RUSSELL:** Well, you're hiring athletes. They want to work out.

**GUI COSTIN:** Right, no, then 100%, fitness is a very, very big part. Our head of data is crazy good shape. I mean, he's cut up like you can't believe. But they generally hear about, if it's their first job out of college or they've worked other places, and then they get to Dakota, and they're like, wow, the CEO comes over and does this and says, hello, what's going on? And the CEO never drops stupid jokes or one liners or passive-aggressive, this, that. And then what ends up happening over

the course of time, people are like, man, I just come in, and oh, there's 35 people downtown. There's 35 kids under 34 years old. And I'm 57, so under 34 years old, mostly in their 20s. And there's not one single manager down there. Nope, never has been. People ask me, how does that work? I said, well, I do say to them every once in a while, I say, guys, this is a pretty cool science experiment. I just want you to know. I look around the room, and they're all laughing. They're like, what? I'm like, well, there's truly like no one, people keep asking me like, who's the boss? There is not one, and there never will be one. There's no one walking around saying, what are you doing right now? Why aren't you on your laptop? Now what leaders don't understand is they think they're being funny or they think they're doing the right thing by acting like that. I mean, you really expect if you create a beautiful work environment, someone sitting on their laptop, and I'll sit together and chat, and they're working on their laptops? I mean, most people come out. It's why they make the movie The Office. It's why they made Friends. It's why they made Dilbert because they're poking at the human behavior of office workers. They're essentially giving no thought to what they're saying and doing. One little word that can come out of your mouth can cause three people to get up and leave and never come back. And you just thought you were just being funny, or you thought it was-- well, it's bullshit that they are-- it's like, what? If you have a real problem with somebody, then out of the bad fit, you just take him aside. You have a private conversation. But you don't act out. And so to answer your question, is, how do we create a greater work environment? It's how I personally treat everybody, then how I show them that I care, and then you do nice things for them. Importantly, I distinguish between kind and nice. I didn't come up with that. I was at a conference and a guy-- I always said kind, and I didn't know there was a word nice. But nice is when you won't have a hard conversation because you want to be nice. Kind is you treat everyone with kindness

but sometimes can be having a difficult conversation. And then you do that-- and I'm writing this third book called Be Kind. And my ghostwriter was asking me questions about, give me more. I said, well, if you're asking someone to do something or treating somebody in the office, just would you treat your grandmother that way? So if you left the standard of your grandmother of how you would use words to make your point, would you be flip and crass? Now my closest confidence that the company know-- I mean, I need moments where I have to call them and have just-- I need to rant a little bit, like, that's frustrating, because I wouldn't be human if I didn't do that. But I don't act out. And those guys know, where they're like, dude, I get it? I'm frustrated by this. What do you think? But I'm not going after them. I'm just having a conversation. But I need moments where I have a safe place where I can have, really, direct conversations and then it doesn't come out right on company calls. And then you do that and they look around and then people are like, dude, I want come work at Dakota. Well, I'm like, yeah. I mean, because we're here to support you. And I want to have fun at work. That's one of our core principles-- have fun.

**DAVID RUSSELL:** Yeah, yeah, so talk to me about-- so you've got this team lead structure. And so you've got a team member who, for whatever reason, isn't meeting expectations, isn't hitting their goals, whichever way, whether it's a behavioral issue or whether it's not hitting a metric. And what is the process that you deal with that if the problem continues? So what is step one, step two, step three, whatever?

**GUI COSTIN:** The thing that I've learned very easy, where there's smoke, there's fire. It's super simple. Once you start to see somebody behave in a certain way that's incongruent with the way they've been behaving, something's going on. And in general, they feel guilty that they're just not into the job. They feel guilty they're not into the job. But they're not

into the job, and they stop having that level of interest. If you're into the job, and you're into the team, you're into the company, you're all in. You're participating, you're involved, you're committed, the whole thing. What's so easy to see-- when that commitment wanes just a little bit, it's clear as day. And then the conversation-- our president generally sits down with the person, Rob, and have the conversation and say, hey, look, Gui, it doesn't look like right now like you're having any fun. And obviously, it's not good for you, and it's not good for us. And we totally get it. And that can happen. We're just not a great fit. You're an awesome person. And then what that does is, almost immediately, lets the air out of the balloon and they confess. Or they're like, no, no, you know what? My grandmother's having a really tough time, and this and that, and no one knew, and this and that.

For the most part, though, very, very few people ever transition back. They might feel guilty that they had these issues. But for them, it's just not the right fit at that time in their life, which is OK. They were great performers for a long period of time or whatever it might be. But the quicker you address it and read the room and read their behavior and just have a conversation and say, hey, what's going on? It doesn't look like you're the same person that you were, which is totally cool, because you don't want to spend any more time in a situation where you're unhappy. And is there anything that we can do? And so it's just recognizing it quickly and then having a private conversation. And like I said, everyone's human. And just because we have an amazing company, doesn't mean everyone's going to be like so into it. And they might have met someone and that person-- there's just personal things that come up, and we're way outside of the scope of work. And I think you just have to have insane compassion for the fact that the people just might not be into it, which is fine. Doesn't make them bad people in any way, shape, or form. It makes them great people-- just not into it. And they'll be much happier doing something else.



**DAVID RUSSELL:** I want to call out what you said at least two times or three times, that when someone is not a fit or not performing, doesn't mean they're a bad person. Doesn't mean we have to disparage them. And to have a lot of empathy-- you used a different word just now.

**GUI COSTIN:** Compassion. Compassion, empathy.

**DAVID RUSSELL:** Yeah, compassion, empathy. But like I talked about in good cop, the boundaries have to be firm. And I say that because I had to learn it the hard way. I lived decades where I was nice but just not good on the boundaries. And so I love the way you're talking about that. And I want to emphasize also to the audience, just so it's clicking, your daily check ins and the end-of-day meetings, you have two. Most companies don't have one. That really is meaningful. And so when you catch things in a day, then you stop some bleeding and you stop it spilling over into other people or hurting clients or hurting other things versus if you're not touching-- there's some people, they don't even have one-on-one meetings, maybe once a quarter.

**GUI COSTIN:** In fairness, well, one, David, I want you to know too. I'm no different than you. I've had my Bobby Knight moments. This has all been learned from-- essentially, I want to say, if I'm being tough on myself, bad behavior. Now I always had the intent, but then things would happen. We were smaller business. And I'd have Gui-canoes. I did the whole thing. And then you start to grow a business. And it becomes diversified. And you realize you just can't say what comes into your brain anymore. You go from the locker room to a much more broader scope. And so I had to really evolve as a leader in a significant way. And there's no perfection. I also know where my safe places are. And I also know too, with the different teammates that I've worked with a long

time, if I see certain behavior, things they're working on and they're like, yeah, it just happened this morning where they've been working on this guy. I said, Tim, stop. This is ridiculous. He's dragging us along. He's wasting your time, our time. We're offering him a great deal. Just tell him if he is not interested, we're moving on. But no more conversations because you're wasting time. And I think that is leadership, as where someone can recognize and I can help them make a decision or just tell them it's like, look, dude, you're-- he's like, yeah, you're right. I got you. I'm with you. So it's an evolution. But I think the most important thing, especially as a 57-, almost 58-year-old, is constantly evaluating your behavior to improve. And I think that's the most important thing because most people, as we get older, we clam up and we of tighten up. Whereas I think you need to be-- there's a word for it. But you need to be much more expansive with your mind, have more compassion, but grow, understand you can treat different situations differently than you might have as a younger person. And I also think I just have an overall responsibility to make-- a year ago, I was doing this executive education through Darden, UVA Business School. And the guy made a comment on a Zoom call that some of his best coaches screamed at him in high school. So I raised my hand and said, hey, bud, I just got to just tell you one thing, is that that's fine, maybe, maybe not, to scream and yell at a 16-year-old, a 20-year-old. Coach - I get it. You can get away with that. It's permissible behavior. But when you get into the real world, into the work environment, you're playing with fire. You're playing with people. And those people that you're yelling at or being a jerk to or what have you have to go home every day. And they go home to a girlfriend or wife, a husband, kids, dogs. And what's their experience at home? God, I just worked for this biggest jerk. He's yelling at me, the whole thing. And then how does he act out? Does he go drink? What is it-- or she-- it's like you're playing with fire and you just have to really understand that. That's why the grandmother example is the best because if you

always had to deliver the message to your grandmother-- and I made that up because Gail, my ghostwriter, asked me that-- is that you're playing with fire. And I looked at him, and I'm like-- but these were all managers 20 years younger than me. I've never taken a business school class. And it was pretty interesting that he said that. And I was like, man, you don't understand what people go through when they're treated poorly at work after work.

**DAVID RUSSELL:** No, absolutely. And the phrase that I got years ago-- I don't know whether I came up with it or I got it from somebody else-- was you never do anything that you don't want to see on the front page of the newspaper tomorrow. And I'd like to say that I lived that way, 100%. I have not. I've made some bad decisions. Going back to one of the things you just said too, when you talk about telling your associate that, hey, why are you wasting time with this? I mean, if you think about it, you think of any team sport. You brought up lacrosse, soccer, hockey, basketball, football, you think any of these team sports. If you are on a good team, your teammate and you want it. Your teammates are going to say to you, hey, that guy's beating you on the line. You got to do this, or I'm going to come over and help you or whatever. But that's what you want as a team. We're going to win as a team. So I'm going to help you, not in a nasty way. I'm going to say, hey, he's beaten you. Here's what you got to do. You got to remember this, or you want to swap with me. I'll cover him or whatever it might be. But that's what you're saying.

**GUI COSTIN:** Yeah, 100%. Yeah, that's just like-- but you also reach a point where you're wasting my time if I keep having the same conversation over and over again. We're not getting any results. I mean, come on, man. Now these are with people that I've worked with for 12, 13 years, and they're my closest confidants and friends and some of my

best friends and people I love being around. They appreciate that too because they-- sometimes Tim needs a little slap-- knock me on the head. It's like, Tim, really? Like, come on, Gui. But that's fun because someone actually truly cares about you. You're making me break it down. But I mean, I really do care. And Tim, call him and just tell him. It's all good, but it's like, just move on. One thing that you brought up, just the one on ones, the one thing I abhor in business is the annual review. Big companies-- you might have to do that simply because whatever, compliance. But I don't like the annual review. I think it should be a daily review. And so why are you waiting 365 days to tell me how I'm performing? It should be daily. And I mean that not so much from a measurement standpoint. But if you feel a teammates getting off course even, like I said before, one degree a little bit, immediate conversation because we can all smell it. That's why we do the five cities because you can hear it in people's voices. And I don't do all one on ones with everyone. But for the most part, if you're involved in the business and you're paying attention, you can see-- if you just simply ask questions about certain people and you're watching to that team leader or what have you, you'll get that feedback and then they can go sit back and have a conversation with that person. And we're talking about this. It shouldn't happen annually. It shouldn't happen quarterly. It should be happening, essentially, in real time because you want to help people get back on track if they're off track. Why would you wait for a quarter? And then goodness gracious, it's 365-degree, if they call it that, review. We did that one time. I mean, it was the most brutal experience I've ever had. I mean, it was horrible. Almost people crying and people writing comments about people.

**DAVID RUSSELL:** Yeah, so I actually recommend people do it quarterly. But what I emphasize is you have to understand-- first of all, there's no surprises in a quarterly review because you're talking with them at least

every week, if not more often. And the quarterly review is also, OK, let's confirm your targets for this next quarter. And we also do something where I taught-- I got it from a guy named Jed Boyce, and I adapted it, where we exchange expectations between a manager and employee. So the manager says, here are the behaviors I expect of you. And they're weighted for importance. And then the employee says, as my boss, here's what the behaviors I expect from you. And again, they're weighted for importance.

But when you're in sync, you don't have to look at those very often. But once a quarter, you touch base. Talk to me. Am I meeting these? Will you walk through one by one? So the quarterly is meant-- although it's a review, it's meant as a-- let's just confirm we're both on the same page. Let's get some nail down, confirm some details that we're going to spend a longer time on the strategic versus the tactical in these quarterly gatherings than we're doing in the day to days or the weeklies.

**GUI COSTIN:** Yeah, I love that. One thing that we instituted, which is very, I think, different, unique-- so we were always having, loosely, monthly offsites for different teams, divisions, very loosely, not consistent. When we were smaller, we tried to do it. I think we did quarterly offsites, this whole thing.

So we got back on track, and I said, OK, let's-- we have with this meeting space that we created on our third floor, in our office building, in, downtown Philly spectacular. But it's 2,500 square feet with no walls and looking at downtown Philly. And so we've got these big tables you can all meet. So I wanted each team to come in and give a presentation. So that lasted two meetings, I think. And people were doing presentations. And it was stressing them out, I heard. Our CFO is like, they're getting stressed. They're doing this. And they were presenting to a very loose seven- or eight-person executive committee, the senior

leaders of the company. And very quickly, each meeting delved into me, saying, hey, hold off on the presentation. Just tell me what's working, what's not working. Well, I woke up one weekend. And I texted our CFO. I'm like, Tim, we're not doing presentations anymore. It's just going to be show up. Each team is going to show up and have a conversation. And I'm going to ask two questions. What's working? What's not working? And we're going to brand them W days. So we have W days. And so everybody comes in and then we close out the W day with the whole company comes in together. So we get all everyone together once a month. And they all come in and just talk about what's working, what's not working. And you can't believe even in a month's time stuff that can bubble up. And we're there solve the problem. We're there to solve the problem. And I asked them question after question after question. All right. Good. How about-- what do you think about-- you would do that? The stuff that we solve for in those things, you can't even believe it changes people's lives. But it's been going on. But until you actually ask them, they're like, you would do that? Our CSMs, who do customer success for us, customer service, they go, OK, fine. One thing that's a killer is we have to schedule our quarterly business reviews with each customer. And it's just really time consuming. I'm like, so you're saying if I simply hired someone to book those for you, then that would solve the problem? They looked at me like I had eight heads. They're like, you would do that? I'm like, 100%, done. I looked over at Tim, who just happened to be interviewing this-- and then Isabel started. And they called her a life changer at the next W day because she happened to be in the interview process. So she books all the quarterly business reviews. All the CSMs are out of it. You show up to the meet. That's just one example of many, many, many-- where you're like examining-- because there's a very interesting thing-- we opened this conversation about sales process. I'm the biggest believer in sales process on the planet. However, I've studied Jeff Bezos pretty

extensively through not his books but books have been written about Amazon. And he has this concept about process and policy. I might be getting a little off, but basically, said, you got to be really careful. And his thinking is you have to be careful because what you set up as a policy or a process a year ago, two years ago, three years ago might not be applicable today. And so always asking, why are we doing this? At our W days, I come up with a theme for each W day. Two W days ago, I had the why theme. All we're going to do is ask, why are you doing what you're doing? And is that process still appropriate? Should you be doing it? Should you blow it up? Should you rethink about it? And that can happen. I use the example of this guy, the famous Zig Ziglar, had a great, great line. This is back in the '90s, when I was reading all his books. He said, the grandson sitting there in the kitchen and the grandmother takes this beautiful ham and cuts off the ends and puts it in the oven. And he sees the two beautiful parts of the ham being cut off. And he's like, why did you cut off-- grandma, why did you do that? She goes, I don't know. Well, she closes the oven. She goes, now I know. She goes, back in the day, we didn't have an oven. We just had a toaster. And the toaster was really small. And so I couldn't fit the whole ham in. So I cut off the ends. I put it in. And it's the most simple example to always examine, why are you-- well, because we've always done it that way. Well, why does that mean it's the right thing to do today? Asking the why, that's why those W days examining these behaviors because we've outgrown so many processes that I still have to address with the team. And it's probably one of my biggest jobs, is addressing the whys and helping people like, oh, we can stop doing that. It sounds like it's been completely outdated. They're like, thank you. That's amazing.

**DAVID RUSSELL:** So we've been going about an hour. And you've done a great job. I mean, there's a lot of meat here for our audience. And I

could keep it going all day with you, Gui. You're doing some great stuff. This last point you brought up, where you're talking every day, twice a day, but still found that these monthly gatherings, where you're just having a conversation of what's working, what's not, and you're putting a theme each month is just uncovering things that don't come up on the day to day. And I love your concept of just thinking of it in teams, whether you have people who are physical athletes or mental athletes, because you got data nerds, probably.

**GUI COSTIN:** Yeah, and they're great. Yeah. And I try not to hold. It's just the athletes for that role, the BDR role, because you deal with rejection. That's all you do is get-- you get rejected 50 times a day. But you have to keep going the next minute. But we don't have a business if we don't have that aspect of the company functioning. That's why I emphasize it so much. But I always emphasize to everyone else. I know I'm saying not everyone. But I love all my kids equally. So I have to say. But I do have to make sure everyone knows if these-- and then it reinforces them plowing through the rejection.

**DAVID RUSSELL:** Yeah, yeah, that's great. So I know you got a busy schedule. I think I might have kept you over.

**GUI COSTIN:** No, this has been great, David. You're awesome.

**DAVID RUSSELL:** Yeah, so thank you so much. If people want to learn more about you, you want to talk about your book a little bit, anything, because you've given them a lot of value. I think there's some people who are going to say, hey, I want to go see what this Dakota company is like, or I want to learn more about Gui. Where do I go? What do I do?



**GUI COSTIN:** You can go to [guicostin.com](http://guicostin.com), G-U-I-C-O-S-T-I-N, kind of is where the book, personal stuff is, and that's always evolving. And then [dakota.com](http://dakota.com), we have a crazy good levels of content. So even if you're not in our business or a potential customer of our products, one thing we do on our team page is everybody gets a personal bio video, which I found to be-- because we built a 2,500 square foot ESPN studio in our third floor. And our videographers take everyone down and once a year, shoot the personal bio video where they interview them. And then I run our 8:30 all-company check-in, we run one personal bio video. And then I comment on it and say all these nice things and very genuine. So little things like that you might get some value from with-- the personal bio videos are a real kick.

**DAVID RUSSELL:** Awesome. Well, thank you so much, Gui. This has been fantastic, really appreciate it.

**GUI COSTIN:** David, thank you. Have a great day.

**DAVID RUSSELL:** You too.

**GUI COSTIN:** All right. Thanks. See you. Bye. See you.